

Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Katy Allen
Jennifer A. Maguire

SUBJECT: SEE BELOW

DATE: 10-26-09

Approved

Date

11/06/09

COUNCIL DISTRICT: Citywide

**SUBJECT: FIRST AMENDMENT TO THE MASTER AGREEMENT FOR
CONSULTANT SERVICES BETWEEN THE CITY OF SAN JOSE AND GROUP 4
ARCHITECTURE RESEARCH + PLANNING, INC. FOR THE SAN JOSÉ
ENVIRONMENTAL INNOVATION CENTER PHASE II PROJECT**

RECOMMENDATION

- a. Approval of the first amendment to the Master Agreement for consultant services with Group 4 Architecture Research + Planning, Inc., for the San José Environmental Innovation Center Phase II Project, increasing compensation by \$500,000 for a total agreement amount not to exceed \$2,000,000, clarifying limits on the scope of services, and extending the term of the agreement from March 30, 2010 to November 30, 2010.
- b. Adopt the following Appropriation Ordinance amendments in the Integrated Waste Management Fund necessary to fund the existing and amended scope of services for the Master Agreement for consultant services with Group 4 Architecture Research + Planning, Inc.:
 1. Increase the Household Hazardous Waste Las Plumas Facility appropriation by \$800,000; and
 2. Decrease the Ending Fund Balance by \$800,000.

OUTCOME

Approval of the first amendment to the Master Agreement for consultant services with Group 4 Architecture Research + Planning, Inc. (Group 4) and the adoption of the Appropriation Ordinance amendments in the Integrated Waste Management (IWM) Fund, will allow Group 4 to continue project design services through completion of final construction documents and specifications.

BACKGROUND

The San José Environmental Innovation Center Project (hereinafter "Project") consists of the development of a 4.2 acre property located at 1608 Las Plumas Avenue. The Project consists of

10-26-09

Subject: First Amendment to the Consultant Services Master Agreement for the San José Environmental Innovation Center Phase II Project

Page 2

site improvements, renovation and the adaptive reuse of a 46,000 square foot existing structure that was built in 1958, and that once served as a wax paper manufacturing plant. The Project will be Leadership in Energy and Environmental Design (LEED) Silver Certified and will provide a Clean Technology Development Center, Construction Material Reuse Store, and open office, conference and public space for environmental programs, incubation and training. The Project also includes the construction of a 10,000 square foot butler building to house the Santa Clara County's Household Hazardous Waste facility. The initial phase of the Project (Phase I), which is currently under construction, provides for a temporary site for Santa Clara County's Hazardous Household Waste facility, and includes site development to the west side of the structure.

In June 2009, Group 4 was selected as the top-ranked architectural firm in a formal, qualification-based consultant selection process to provide architectural and engineering design services for the San José Environmental Innovation Center Phase II Project through project completion. On June 23, 2009, Council authorized the City Manager to negotiate and execute a Master Agreement with Group 4 in the amount not to exceed \$1,500,000 for conceptual design development and completion of 50% construction documents.

On September 24, 2009, the Master Agreement was executed. Currently, under a first Service Order, \$610,577 has been negotiated with Group 4 for services including conceptual design, LEED overlay services, and submittal of 100% Design Development Documents. A second Service Order in an approximate amount of \$740,000 is currently being drafted for services through completion of 50% Construction Documents.

ANALYSIS

Group 4 was selected through a qualification-based consultant selection process in May of 2009 to provide engineering and architectural services through the completion of the San José Environmental Innovation Center Phase II Project. The City is currently pursuing economic stimulus funds to support the project, which if realized, could result in an increase to the base construction budget. Due to the possibility of obtaining grant funding, a Master Agreement was utilized with the expectation that as funds are realized and the construction budget increases, engineering and architectural services can then be tailored accordingly. Therefore, in the interest of continuity, it is crucial to continue to seek the services of Group 4.

This amendment proposes extending the Master Agreement term from March 30, 2010, by eight months to November 30, 2010 in order to complete scope of services through 100% Construction Documents. Additionally, should economic stimulus funds become available for the project, amending the Master Agreement a second time would be required to allow for further expansion of the scope of services.

The present amendment also provides an additional \$500,000 of compensation to cover an expanded scope of architectural and engineering services through completion of 100%

10-26-09

Subject: First Amendment to the Consultant Services Master Agreement for the San José Environmental Innovation Center Phase II Project

Page 3

Construction Documents. This amendment clarifies that services shall not be further expanded beyond 100% Construction Documents without further amendment to the Master Agreement.

EVALUATION AND FOLLOW-UP

The Environmental Services Department is currently pursuing Economic Stimulus Funds, which if realized, will be used toward achieving LEED Platinum certification for the Project. A second amendment memorandum will be presented to authorize engineering and architectural services through construction administration and project closeout, as well as to expand the scope of services should Economic Stimulus Funds become available.

PUBLIC OUTREACH/INTEREST

- ☐ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

This recommendation does not meet any of the above criteria. This memorandum will, however, be posted on the City's website for the November 17, 2009 City Council Agenda.

COORDINATION

This amendment to the master agreement has been coordinated with the Environmental Services Department and the City Attorney's Office.

COST SUMMARY/IMPLICATIONS

Staff proposes increasing the original agreement's total compensation by \$500,000, modifying the scope, and extending the term of the agreement. Also, as discussed in the September 14 Project Status Report to the Transportation and Environment Committee (T&E), staff proposes appropriating \$800,000 for the project, which will allow the encumbrance of the entire \$2 million required for architectural services to complete construction documents. On September 24, 2009, the Master Agreement was executed in the amount of \$1,500,000 in order for Group 4 to provide engineering and architectural services for the San José Environmental Innovation Center Phase II Project. All of the services performed by Group 4 under the Master Agreement are authorized by Service Order. Because an appropriation is not required for execution of the Master Agreement, but required for each service order authorized under the agreement, a total of

10-26-09

Subject: First Amendment to the Consultant Services Master Agreement for the San José Environmental Innovation Center Phase II Project

Page 4

\$1,200,000 has been appropriated to date. Thus, in addition to the \$500,000 to modify the scope and extend the services of Group 4, an additional \$300,000 must be appropriated in order to support the Master Agreement of \$2,000,000. The \$800,000 cost will be completely offset by the liquidation of 2008-2009 contract encumbrances in the IWM Fund, due mainly to hauler contract cost savings.

1. AMOUNT OF RECOMMENDATION FOR MASTER AGREEMENT:

Additional Funding for Master Agreement	\$500,000
	\$300,000
Total Recommendation for this amendment:	\$800,000
Original Master Agreement	\$1,500,000
Amount Recommended for Master Agreement	500,000
Total Project Costs	\$2,000,000

2. COST ELEMENTS OF AGREEMENT:

Conceptual Design & Design Development	\$610, 577
50% Construction Documents (approximately)	740,000
50% Construction Documents to 100% Construction Documents	585,400
Additional Services	64,023
Total Consultant Contract	\$2,000,000

3. SOURCE OF FUNDING: 423 – Integrated Waste Management Fund

4. OPERATING COSTS: The completion of the architectural services contract described in this memorandum will have no impact on operating costs. In July 2009, the City engaged Business Cluster Development (BCD), a nationally recognized expert in the development of business clusters, to create an on-going operating cost and revenue budget for the Project. BCD developed similar plans for over 50 other incubation and innovation center projects across the country. Estimated expenses were based on BCD's experience in developing other technology incubation centers as well as figures the City uses to develop budgets for its facilities and operations. Utility expenses cover a range of items including water, electricity and natural gas. Another assumption is the energy efficient features of the Project would help control the cost to operate the facility by offsetting potential energy, and water costs. The maintenance operating expense also includes staff, custodial support, and minor maintenance. The proposed operating budget presumes that each organization occupying space at the facility would pay a pro-rata share of monthly operating expenses including all utilities. According to the report, the projected revenue should be approximately \$7,000 more than the projected expenses each year. In addition, the 2007-2008 Adopted Operating Budget included \$100,000 in on-going non-personal costs for maintaining the Las Plumas facility and a permanent full-time facility manager. These resources augment those identified by BCD. There are no General Fund costs associated with the proposed operating budget. For the complete BCD report, please see the September 14 Status Report on the Development of the Conceptual Design, Funding Sources, and Operating Budget for the San José Environmental Innovation Center to the Transportation and Environment Committee.

10-26-09

Subject: First Amendment to the Consultant Services Master Agreement for the San José Environmental Innovation Center Phase II Project

Page 5

BUDGET REFERENCE

The table below identifies the fund and appropriations proposed to fund the contract(s) recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn #	Appn. Name	Total Appn	Amt. for	2009-2010 Proposed Operating Budget Page**	Last Budget Action (Date, Ord. No.)
<u>Total Funding for Agreement</u>				\$2,000,000		
<u>Funding Available</u>						
423	3628	Household Hazardous Waste Las Plumas Facility	\$4,140,000	\$1,200,000	XI-50	6/23/2009 Ord. No. 28593
<u>Recommended Budget Actions</u>						
423	8999	Ending Fund Balance	\$800,000*	\$800,000		
<u>Total Funding for Agreement</u>				\$2,000,000		

* The current Ending Fund Balance is \$9,076,692. Funding of \$800,000 is recommended to be reallocated to the Household Hazardous Waste Las Plumas Facility appropriation as part of this memorandum.


** The 2009-2010 Operating Budget was adopted by Council on June 23, 2009.

CEQA

CEQA: Not a project.



KATY ALLEN
Director, Public Works Department



JENNIFER A. MAGUIRE
Budget Director

For questions please contact DAVID SYKES, ASSISTANT DIRECTOR, PUBLIC WORKS DEPARTMENT, at 408-535-8300.

KJ:pm:mb